

GUIDE TO TRUST & INVESTMENT SERVICES



Trust & Investment Management

Services You Can Trust

Exchange Bank has one of the largest community bank trust departments in California, with over \$1.4 billion in assets under administration.

Our team carries certifications in the areas of estate planning, trust administration, investment management and employee benefits. With our team approach and extensive financial experience, we have the capacity and expertise to provide personal services tailored to meet your needs.

Trust Administration

Exchange Bank received its trust powers from the State of California in 1963, and we've been acting as trustee ever since. Our trust officers possess a strong technical understanding of estate planning and tax laws, along with a caring and compassionate nature—a unique blend of characteristics which result in superior trust administration.

Exchange Bank administers revocable and irrevocable trusts established for a wide variety of reasons:

- To provide benefits for surviving spouses
- To manage assets for children or grandchildren who are too young to receive a large inheritance
- To protect adult children who engage in self-destructive behaviors
- To preserve tax elections and exemptions
- For individuals with special needs who may lose government assistance if they receive an inheritance
- For non-profit organizations to ensure important causes are funded for years into the future

By combining trust administration with investment management, our trustee services are often more cost effective than those which take an unbundled approach.

Investment Management

Our objective is to manage your investments to meet your goals—not to take unwarranted risks in an attempt to beat the market. We work with you to determine your risk tolerance, time horizon and financial goals in order to build a portfolio that works for you.

Our core philosophy centers on asset allocation, diversification, and low cost investment vehicles. Asset allocation—the percent to which a portfolio is invested in various asset classes (for example: stocks versus bonds)—is the most critical decision in portfolio management as it provides a balance between risk and reward.

We implement a core-satellite approach through the use of low cost investments which capture the broad equity and fixed income markets, both domestically and internationally. Core investment vehicles are enhanced by incorporating lower correlated satellite asset classes which help to reduce volatility and increase expected returns over time. As an institution, we have access to some of the lowest cost funds available, which helps to increase your returns without additional risk.

As a fee-only fiduciary investment manager, we do not accept commissions of any kind. Therefore, our judgment is not influenced by the possibility of compensation for any investment or transaction. Our fee is based on the market value of your account, which means our financial interests are in alignment with yours.

Investment management services are available for individuals, trustees, organizations, non-profits and more.

Retirement Plans and Individual Retirement Accounts

FOR BUSINESSES:

Whether your company is looking to install a new retirement plan or to upgrade an existing one, your employees can benefit from a partnership with Exchange Bank. As a discretionary or non-discretionary trustee, we offer a simplified and cost-effective retirement plan platform that includes investment services.

We provide the expertise you need in every area of plan administration, from design and investment menu creation, to plan sponsor and employee education. Our services can be utilized as a stand-alone service or coordinated with your current third party administration firm.

FOR INDIVIDUALS:

Exchange Bank also provides managed individual retirement account (IRA) services for both traditional and Roth IRAs as well as the ability to facilitate simplified employee pension (SEP) contributions for self-employed individuals.

Our managed IRA program implements our tried and true investment approach of building diversified, low-cost investment portfolios tailored to fit each client's capacity for risk and return. Periodic rebalancing means your account will continuously stay on target for your goals throughout your career and into retirement.

Exchange Bank can help make your goals and dreams a reality. We are a trusted partner for your retirement planning needs.

Estate Settlement

Estate settlement is a complex process, full of legal and tax considerations. Many people wish to spare their loved ones of the time-intensive task, or they don't have someone they trust to carry out the responsibility.

In an estate of even modest proportions, a successor trustee or executor must complete the following tasks:

- Locate, inventory and safeguard assets; establish values for tax and accounting purposes.
- Inventory, appraise, sell or distribute decedent's personal property.
- Provide continuing management for income producing real estate and business interests.
- Pay expenses related to the administration of the estate.
- Collect debts owed to the decedent and defend against invalid claims.
- Assume responsibility for income, estate, gift and generation skipping transfer tax returns required by law.
- Maintain detailed records of transactions and provide accountings to the beneficiaries and probate court, if needed.
- Distribute estate in accordance with the provisions in the decedent's trust or will.

When Exchange Bank is named as successor trustee or executor, an experienced trust officer assumes personal charge of the estate. Supported by a team of professionals, our trust officers possess a strong technical competence and a sympathetic understanding of the family dynamic—a valuable combination which is hard to find elsewhere.

Fiduciary Duty – What is it and Why is it Important?

A fiduciary is an individual in whom another has placed the utmost trust to manage and protect property or financial assets. The fiduciary duty requires an investment manager or trustee to act in the client's best interest, putting the client's interests ahead of its own.

A fiduciary must provide advice and recommendations that are viewed as being in the best interest of the client. An investment advisor subject to the fiduciary duty must provide up-front disclosures on fees, services, and possible conflicts of interest before any contracts are signed.

Unfortunately, the fiduciary duty does not apply to all advisors, resulting in the potential for conflicts of interest, obscure disclosures and lack of transparency. This can result in substantial risks and additional costs to the client, and sometimes hidden benefits for the advisor.

While many in the industry may resist fiduciary responsibility, Exchange Bank welcomes it with open arms. We have always been an investment fiduciary for all accounts under management, never accepting commissions or hidden compensation, and always providing full disclosure of our fees. We are proud to put our clients' interests first.

Choosing Your Fiduciary

Selecting a trustee or investment manager is a big decision. Luckily, Exchange Bank has been providing this valuable service to our community since 1963.

Experience

Exchange Bank employs a highly-trained staff with years of experience—people who are sensitive to the needs and expectations of their clients and advisors.

Professional Investment Management

Your account will be managed by investment specialists according to our process based approach centered around the modern portfolio theory.

Impartiality

Sometimes family interests conflict. Exchange Bank is a neutral third party and will never favor one beneficiary over another. It is our responsibility to follow the terms of your trust and help resolve conflicts without taking sides.

Availability

All administration is done locally, and our team approach ensures that there will always be someone available to meet your needs.

Accountability

As a state-chartered financial institution, you can take comfort in knowing that our actions are subject to regular periodic reviews by independent auditors and examiners.

Trust and Investment Management Services

- Fee-only investment management
- Agent for trustee
- Revocable and irrevocable trust administration
- Estate settlement and distribution
- Qualified retirement plan administration
- IRA rollover services
- Non-profit and endowment fund management
- Custody and record keeping for investment assets
- Durable power of attorney for finances
- Bill paying and cash flow management
- Estate plan depository

exchangebank.com/trust-investment

Santa Rosa Office	707.524.3151
Roseville Office	916.782.0123
Silicon Valley Office	650.548.3100